

FISCAL NOTE

HB 2588 - SB 2908

March 19, 1998

SUMMARY OF BILL: Requires any health insurance issuer offering coverage through a health maintenance organization to offer a point of service (POS) or preferred provider organization (PPO) option to enrollees at least once a year. The premium for such an option is to be fair and reasonable as determined by the Department of Commerce and Insurance. Premiums, copayments or other cost-sharing arrangements may not exceed twenty percent of the normal charges and copayments shall not exceed thirty dollars. The bill requires that non-participating providers accept the same rate as participating providers to be included in the PPO or POS plans.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - Exceeds \$20,000,000

Increase State Revenues - Exceeds \$1,000,000

Increase Local Govt. Expenditures - Exceeds \$1,000,000

Increase Local Govt. Revenues - Exceeds \$1,000,000

Assumes that the bill will require the TennCare program to offer a POS or PPO option since all TennCare managed care organizations are regulated HMOs. Assumes TennCare enrollees will be subject to pay deductibles or co-pays in order to participate in the program.

Assumes premiums charged to TennCare enrollees will remain on a sliding scale, based on income level, and that the POS and PPO option will have to be offered to all TennCare enrollees.

Assumes a significant number of TennCare enrollees will choose either the PPO or the POS option.

Assumes that any HMO contracting with the state or local government to provide health insurance plans would be required to offer a POS or PPO option. Estimate assumes any increased cost to state or local government health care plans would be covered by increasing premiums paid by employees who choose the POS or PPO plan.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



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James A. Davenport, Executive Director